

Compiled Auditing Standard

ASA 101

(June 2011)

Auditing Standard ASA 101 *Preamble to Australian Auditing Standards*

This compilation was prepared on 27 June 2011 taking into account amendments made by ASA 2011-1

Prepared by the **Auditing and Assurance Standards Board**



Australian Government

Auditing and Assurance Standards Board

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Contact Details

Auditing and Assurance Standards Board Phone: (03) 8080 7400
Level 7, 600 Bourke Street Fax: (03) 8080 7450
Melbourne Victoria 3000 E-mail: enquiries@auasb.gov.au
AUSTRALIA

Postal Address:
PO Box 204
Collins Street West
Melbourne Victoria 8007
AUSTRALIA

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COMPILATION DETAILS

Auditing Standard ASA 101 *Preamble to Australian Auditing Standards as Amended*

This compilation takes into account amendments made up to and including 27 June 2011 and was prepared on 27 June 2011 by the Auditing and Assurance Standards Board (AUASB).

This compilation is not a separate Auditing Standard made by the AUASB. Instead, it is a representation of ASA 101 (October 2009) as amended by another Auditing Standard which is listed in the Table below.

Table of Standards

Standard	Date made	Operative date
ASA 101	27 October 2009	1 January 2010
ASA 2011-1	27 June 2011	1 July 2011

Table of Amendments

Paragraph affected	How affected	By ... [paragraph]
Headers - Pages 8-12	Amended	ASA 2011-1 [14]
3	Amended	ASA 2011-1 [15]

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AUTHORITY STATEMENT

Auditing Standard ASA 101 *Preamble to Australian Auditing Standards* (as amended at 27 June 2011) is set out in paragraphs 1 to A2.

This Auditing Standard is to be read in conjunction with the Australian Auditing Standards, operative on and after 1 January 2010.

Dated: 27 June 2011

M H Kelsall
Chairman - AUASB

AUDITING STANDARD ASA 101

The Auditing and Assurance Standards Board (AUASB) made Auditing Standard ASA 101 *Preamble to Australian Auditing Standards*, pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001* and section 336 of the *Corporations Act 2001*, on 27 October 2009.

This compiled version of ASA 101 incorporates subsequent amendments contained in another Auditing Standard made by the AUASB up to and including 27 June 2011 (see *Compilation Details*).

AUDITING STANDARD ASA 101

Preamble to Australian Auditing Standards

Application

1. This Auditing Standard applies to:
 - (a) an audit of a financial report for a financial year, or an audit or a review of a financial report for a half-year, in accordance with the *Corporations Act 2001*;
 - (b) an audit of a financial report, or a complete set of financial statements, for any other purpose;
 - (c) a review, by the independent auditor of the entity, of a financial report, or a complete set of financial statements, comprising historical financial information, for any other purpose; and
 - (d) a firm¹ required to comply with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*.
2. This Auditing Standard also applies, as appropriate, to an audit of other historical financial information.

Operative Date

3. This Auditing Standard is operative for engagements with financial reporting periods commencing on or after 1 January 2010, and for firms required to establish systems of quality control in compliance with ASQC 1 by 1 January 2010. [Note: For operative dates of paragraphs changed or added by an amending Standard, see *Compilation Details*.]
4. This Auditing Standard supersedes interpretive information contained in ASA 100 *Preamble to AUASB Standards* to the extent that ASA 100 applies to the Australian Auditing Standards.

¹ See ASQC 1, paragraphs Aus 4.1 and Aus 12.6.

Introduction

Scope of this Auditing Standard

5. The purpose of this Auditing Standard is to set out mandatory components additional to those included elsewhere in the Australian Auditing Standards that are operative for:
 - financial reporting periods commencing on or after 1 January 2010; and
 - firms required to establish systems of quality control by 1 January 2010.
6. *ASA 100 Preamble to AUASB Standards* applies to all AUASB Standards other than the Australian Auditing Standards referred to in paragraph 5 of this Auditing Standard.

Objective

7. The objective of the auditor and the firm is to use this Auditing Standard in order to understand, interpret and apply the Australian Auditing Standards that are operative for engagements with financial reporting periods commencing on or after 1 January 2010; and for firms required to establish systems of quality control by 1 January 2010.

Definitions

8. For purposes of the Australian Auditing Standards, the following terms have the meanings attributed below:
 - (a) Auditing Standards means auditing standards made under section 336 of the *Corporations Act 2001* (the “Act”), and include:
 - (i) *ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*; and
 - (ii) *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*.

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- (b) Australian Auditing Standards means the suite of auditing standards issued by the AUASB, comprising:
- Auditing Standards made under section 336 of the *Corporations Act 2001*;
 - *ASA 805 Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*; and
 - *ASA 810 Engagements to Report on Summary Financial Statements*.

Requirements

Authority of the Paragraphs in Australian Auditing Standards

9. The auditor shall apply the mandatory components of the Australian Auditing Standards when conducting an audit or review in accordance with those Standards. The mandatory components are included in each Auditing Standard under the headings listed below:
- (i) Application (paragraph Aus 0.1).
 - (ii) Operative Date.
 - (iii) Objective(s).
 - (iv) Definition(s).
 - (v) Requirements.
10. The auditor shall consider the whole text of an Auditing Standard to understand, interpret and apply the mandatory components. The explanatory material is included in each Auditing Standard under the headings listed below:
- (i) Application (paragraph Aus 0.2).
 - (ii) Introduction.
 - (iii) Application and Other Explanatory Material.
 - (iv) Conformity with International Standards on Auditing.

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- (v) Appendices.

Explanatory material does not create or extend mandatory components. (Ref: Para. A1)

Engagements under the *Corporations Act 2001*

11. The “Application” paragraph in each Auditing Standard that refers to audits or reviews conducted in accordance with the *Corporations Act 2001* applies specifically to:
- (a) an audit or a review conducted under Part 2M.3 of the Act; and
 - (b) an audit conducted under Part 7.8 of the Act.

Compliance with Requirements

12. When, in the circumstances of the audit, a requirement is not relevant due to the conditions described in *ASA 200 Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*, the auditor is not required to document the reason(s) why the requirement is not relevant. (Ref: Para. A2)

* * *

Application and Other Explanatory Material

Authority of the Paragraphs in Australian Auditing Standards

(Ref: Para. 10)

- A1. Included within the requirements section of a standard are references to paragraphs in the “Application and Other Explanatory Material” section of the standard. Such references do not extend or create requirements.

Compliance with Requirements (Ref: Para. 12)

- A2. Under paragraph 12, an auditor need not document the reasons why a requirement is not relevant. However, where in rare and exceptional circumstances, factors outside the auditor’s control prevent the auditor from complying with an essential procedure contained within a relevant requirement, the auditor is required under ASA 230 or ASRE 2410², as applicable, to document:
- (a) the circumstances surrounding the inability to comply;
 - (b) the reasons for the inability to comply; and
 - (c) justification of how alternative procedures achieve the objectives of the requirement.

² See ASA 230 *Audit Documentation* and ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*.

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Conformity with International Standards on Auditing

This Auditing Standard relates to the Australian legislative environment and accordingly there is no equivalent International Standard on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board of the International Federation of Accountants (IFAC).

Compliance with this Auditing Standard enables compliance with the ISAs.